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CENTRAL INTELLIGENCE AGENCY

**INFORMATION REPORT**

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COUNTRY El Salvador/Ecuador

SUBJECT Two New Construction Projects

PLACE ACQUIRED (BY SOURCE) [REDACTED]

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1. The first unit of the hydroelectric plant on the Rio Lempa, which is being built by a US company, is expected to go into operation on 1 Mar 54 and the second one will be ready shortly thereafter. A penstock has been constructed so that at a later date a third unit may be added without too great a cost or much difficulty. Each unit will generate between 35 thousand and 40 thousand kilowatts, which equal the entire power production in El Salvador today. The new plant will serve the capital and perhaps one or two other communities.
2. A US construction company is at present engaged on two construction projects in Ecuador, which country suffers from transportation difficulties. It has recently been awarded the contract for the construction of 180 kilometers of highway between Manta and Quevedo, and some of its engineers and equipment are already on the spot. The second project, which is the construction of a pipeline from the plateau 100 kilometers from Quito to a terminus on the Guayas river east of Guayaquil. This pipeline is 50 per cent completed and will be of extraordinary benefit to the capital, since it will make possible a continuous flow of gasoline and other petroleum products which will be pumped to the plateau from sea level. At present the railroad can haul only short trains due to the steep gradient and in times of floods and washouts Quito is completely cut off from many of the necessities of life. The pipeline will reduce the cost of petroleum products to one tenth of what they are now and will reduce railroad traffic by one third, thus making space for other necessities. Eventually, it is expected to continue the pipeline to Quito since there is a rise of land between the plateau terminus and the capital which impedes transportation. Company relations with the government of Ecuador are excellent.

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